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Executive Director-Comptroller

D-59

Headquarters

Colonel White:

I am not certain that this report fully reflects all the work yet to be done but it is considerable and we are following up on a program basis with the Office of Finance.

/s/

R. L. Bannerman

STATINTL

Deputy Director for Support

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Headquarters



DD/S:RLB:ksd (12 Feb 68)

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DD/S 68-0652: Memo dtd 12 Feb 1968 for ExDir-Compt fr RLB, subj: Inspector General's Report of Survey of the Office of Finance

12 FEB 1968

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Inspector General's Report of Survey of the Office of Finance

REFERENCE : Memo dtd 28 Nov 67 for DD/S fr Ex. Dir.-Compt., same subj

1. This memorandum is for your information. It forwards comments on the Inspector General's Survey of the Office of Finance.

2. The report reflects the comprehensive character of the Inspector General's Survey and in consonance with its recommendations will result in a variety of changes and improvements in the Office of Finance. A number of the changes will take a certain period of time to accomplish since they are fairly fundamental in nature and a considerable element of detail must be acted upon to make them effective. It should be noted in the Survey report that certain observations and opinions are expressed or reported by individuals contacted during the Survey. These observations and opinions should be considered as individual viewpoints and should not be considered or reflected as establishing the position, conduct, and policy of the Director of Finance. While these comments are helpful as guidance in showing a flavor of opinion, I think we should keep in mind that these are comments and should be maintained in this context.

3. The Inspector General's recommendations have been considered in depth. The paragraphs which follow contain comments relating specifically to each recommendation.

Recommendation No. 1

25X1 The Deputy Director for Support cause to be issued a revision of Agency Regulation [] Organization, Office of Finance, assigning to the Director of Finance those responsibilities and authorities agreed among the Deputy Directors as being properly his, specifically to include financial analysis as one of the principal elements of his mission.

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Action or Comment

A revision of Headquarters Regulation ☐ setting forth the Mission and Functions of the Office of Finance, has been coordinated with the Executive Director-Comptroller and the Director of Planning, Programming and Budgeting, and is in the hands of the Regulations Control Branch for processing and publication. Based on discussions with the Executive Director-Comptroller, the Inspector General, the Director of Planning, Programming and Budgeting, and the Director of Finance concerning financial analysis, no additional OF responsibilities in this category have been specified. OF responsibilities have been more explicitly delineated.

Recommendation No. 2

The Director of Finance seek the assistance of the Director of Personnel:

- a. in exploring with the Heads of other Agency Career Services prevailing practices in accommodating career development programs to the restraints of position and grade ceilings, and
- b. in adapting for use in the Finance Career Service those techniques that will permit departure from existing inflexibilities in the Finance career development program.

Action or Comment

The Finance Career Service is being comprehensively studied both as regard policies and procedures. Full advantage is being taken of experiences in other Career Services in deciding wherein OF should make changes.

Recommendation No. 3

The Deputy Director for Support instruct the Directors of Finance, of Personnel, and of Training:

- a. to review the requirements of the Director of Finance for recruitment of professional employees for the Finance Career Service, and

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b. to submit to the Deputy Director for Support for approval their joint recommendations as to measures necessary for the fulfillment of a significant portion of Finance's requirements for new professional personnel through the mechanism of the Career Training Program.

Action or Comment

The Office of Finance, in coordination with the Office of Personnel, has had an intensive recruitment drive for professional personnel since September 1966. This has been based on specified criteria relating educational attainments to entrance grades. The Director of Finance specifically desires to obtain for his Career Service young officers with broadly based aptitudes and interests in finance work. He believes that recruitment should focus on acquiring the best finance and accounting skills available, coupled with flexibility for growth and development. This combination, he is convinced, will produce management skills in addition to necessary technical skills. The Director of Finance has also utilized the Support Career Training Program as a source of new talent and is interested in extending the use of this source to meet his professional requirements. My current overall review of the Support Career Training Program has as a principal objective the satisfaction of individual Support Career Service needs such as those cited by the Director of Finance. It is anticipated that in future years a major portion of the Finance Career Service professional requirements will be met through the Support Career Training Program.

Recommendation No. 4

The Director of Finance, in consultation with the Director of Training, have established, either within the Office of Finance or the Office of Training, a scheduled or tutorial training course designed specifically to qualify a Finance careerist to serve as finance officer of a Class A field station.

Action or Comment

Concur. I have directed the Director of Finance and the Director of Training to establish a facility within the Office of Training for the training of finance officers in the operation of the Class A accounting system. A simulated "dummy" Class A system is being set up and will be utilized by the Office of Finance careerist now assigned to OTR, for training finance officers on a tutorial or scheduled course basis as required.

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Recommendation No. 5

The Director of Finance assemble initially and maintain on a continuing basis information on the retirement expectations of all Finance careerists who are in or are nearing the zone of eligibility for optional retirement, making it clear to the employees concerned that the information is needed for orderly personnel planning and not as a means of exerting pressure upon employees to retire earlier than expected under existing Agency policy.

Action or Comment

The Director of Finance is seriously concerned about the retirement problem in his Office. He is attempting to deal with it within the same practical limitations faced by other Agency Career Services; taking into account individual sensitivity to questions about retirement intentions. The Inspector General acknowledges the validity of the "no pressure" guideline which has governed Office of Finance actions on this subject.

The Office of Finance does maintain complete records, including age profile charts, etc., of employees eligible for optional retirement. All employees have been asked informally to apprise the Director of Finance, for planning purposes, as early as possible when they have definite retirement plans. A number have responded. A number of marginal employees, or employees with special problems, have been counseled concerning early retirement. In several instances the individuals have been persuaded that it was in their best interests to exercise their early retirement option.

Recommendation No. 6

The Deputy Director for Support require to be submitted to him for review of and decision between the proposal of the Director of Finance for reclassification of certain positions in the Finance Career Service and the objections of the Director of Personnel to that proposal.

Action or Comment

Action has been divided into two parts. The Executive Officer, DD/S, is reviewing with the Office of Finance and the Office of Personnel certain non-OF positions on which recommended upgrading action has not been completed. Action on the OF positions will be incorporated into a broader proposal for organization changes being developed by the Director of Finance which must necessarily be accompanied by position allocation and classification.

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Recommendation No. 7

The Director of Finance prepare and submit to the Deputy Director for Support for approval a phased program for broadening the rotational base of the Finance Career Service over the next five years, for providing flexibility to meet contingency requirements, and for ensuring orderly planning and control of the rotational cycle.

Action or Comment

Action on this Recommendation is being consolidated with that on Recommendation No. 2 -- comprehensive review of the Finance Career Service. The overall subject is complicated as it appears the Inspectors appreciate and changes and improvements cannot be accomplished overnight. Specific attention is being given to flexibility and the "man in motion" problem in the total context of Career Service review.

Recommendation No. 8

The Deputy Director for Support instruct the Director of Personnel to explore with the Deputy Director for Plans the feasibility of establishing, within the existing framework of the Overseas Candidate Review Panel, a mechanism for re-evaluating the suitability of personnel nominated for assignment to duty as finance officer at a Class B or Class C station--to include a determination that the candidate is or will be properly trained in finance procedures.

Action or Comment

We concur in the objective of this Recommendation but not completely in the mechanics suggested by the Inspector General. The assistance of the Deputy Director for Plans has been requested by memorandum, a copy of which is attached.

The Overseas Candidate Review Panel (OCRP) has as its primary responsibility the question of suitability. Arrangements have been initiated to advise the Panel in those instances when nominees will be responsible for handling funds so that each individual's suitability on this point can be checked.

Members of the OCRP do not have the competence or consider it within their charter to determine whether nominees are properly

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trained. We have identified mechanics for achieving this objective through action on the part of the Clandestine Services, the Office of Training, and the Office of Finance.

Recommendation No. 9

The Director of Finance:

- a. Assign to his Chief of Support responsibility, subject to review and concurrence by the Deputy Director of Finance, for planning and administering the rotational program of the Finance Career Service and for supervising those other aspects of personnel management that are commonly delegated to a chief of support.
- b. Establish the position of Personnel Officer within the Office of Finance.
- c. Request the Director of Personnel to furnish a personnel specialist to fill the position.

Action or Comment

We agree that the Director and Deputy Director of Finance need considerably more assistance from their Support Staff to assist in improving the Finance Career Service and the management of its personnel. With due respect to the incumbent, the Chief of Support, it is believed that we must assign a new Chief of Support at a higher grade who can bring to the Office of Finance, because of his greater experience, the knowledge, initiative, and drive which are needed to effect improvements. Consideration of establishing the Personnel Officer position will be deferred until the new Chief of Support has been in place sufficiently long to make logical a review of this IG Recommendation.

It might be noted that the formal responsibility suggested in the Inspector's report has been delegated to the Chief of Support for some time. Due to a series of circumstances, four separate officers have occupied the OF Chief of Support position during the past two years, making implementation of this delegation considerably less effective than what might otherwise have been the case.

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Recommendation No. 10

The Deputy Director for Support hire on a one-time contract basis a systems expert or experts qualified to make a time, motion, and systems-improvement study on the processing of financial transactions and the keeping of financial records within the Agency.

Action or Comment

I do not concur in this Recommendation. The Agency possesses the in-house capability to conduct systems improvement studies, and such studies have been and are being conducted. The Office of Finance and SIPS have flow charted, or are now in process of charting, every process and transaction performed by the Office of Finance, and its interface with similar processes performed in the Offices of Logistics and Personnel and other Agency components. These charts are being analyzed to determine the essentiality of the data produced, the efficiency of the processing steps, and the best method of organizing and programming the data under the SIPS Program to produce useful management information, at the lowest possible cost.

In my opinion the hiring of an outside firm to repeat such studies would be disruptive and counter-productive.

Recommendation No. 11

The Director of Finance re-establish the former Financial Analysis Staff of the Office of the Comptroller by merging the various analytical operations now being performed in the Office of Finance, combining them with the liaison function, and charging the Financial Analysis Staff with responsibility for devising and pursuing an effective financial analysis program.

Action or Comment

The revised Mission and Functions Statement for the Office of Finance, which is being processed for publication (see response to Recommendation No. 1), contains a description of the OF responsibilities for financial analysis. The assignment within the Office of Finance of responsibility for financial analysis will be reviewed in connection with the reorganization planning which the Director of Finance has initiated.

Recommendation No. 12

The Deputy Director for Support prepare and submit to the Executive Director-Comptroller for approval a proposal for the establishment of a CIA Travel Policy Committee, to which should be assigned responsibility for:

- a. ensuring that Agency travel regulations and practices are in accordance with applicable laws and with the implementations and interpretations thereof;
- b. analyzing Agency practices with respect to travel with a view toward improving efficiency, reducing costs, and eliminating inequities in application of regulations;
- c. providing authoritative guidance, both to the claimant and to those processing the claim, on questions pertaining to travel; and
- d. adjudicating disputed claims.

Action or Comment

I concur in the establishment of a Travel Policy Committee and I am developing a charter and plan to so constitute this Committee. I propose to maintain this Committee under the jurisdiction of the DD/S as this will be essentially an operating Committee dealing with authorities and responsibilities under the DD/S. In like manner the adjudication of disputed claims is a DD/S responsibility which I propose to fully retain until the Committee becomes operative, at which time I will consider a delegation of authority in some degree.

Recommendation No. 13

The Director of Finance:

- a. Direct the Chief, Compensation and Tax Division, to initiate investment action whenever surplus funds exceed \$250,000.
- b. Expedite the issuance of the Office of Finance Instruction prescribing procedures for administration of the fund.

c. Arrange for an actuarial valuation of the fund with the advice and assistance of Mr. Cedric W. Kroll of the Department of Treasury.

d. Investigate the feasibility of making secure arrangements with the Department of Treasury for a Special Issue for the CIA fund and report his findings and recommendations to the Executive Director-Comptroller.

e. Prepare an interim investment program for the guidance of Monetary Division based on the Fiscal Year 1967 15-year Projection of Fund Activity.

f. Prepare a long-range investment program based upon the actuarial valuation recommended in c. above.

Action or Comment

a. The Chief, Compensation and Tax Division has been directed to institute a request for investment action whenever cash available for investment reaches a level of \$250,000.

b. Coordination of the OF Instruction is nearing completion. It will be issued not later than 28 February 1968.

c. A proposed computer method, based on an extraction of personnel statistical data, has been proposed by Mr. Kroll to provide data necessary to institute an actuarial study. This proposal has been submitted to the Office of Computer Services for their consideration and, in addition, a SF careerist has been assigned to the Support Information Processing Staff to work toward final implementation of a system providing necessary statistical information.

d. I have requested the Director of Finance, after appropriate coordination with the Office of Security and the Central Cover Staff, DD/P, to discuss with appropriate officials in the Department of Treasury whether it is feasible to establish a Special Issue for the CIA fund that will meet our security standards. Results will be reported to the Executive Director-Comptroller as recommended.

e. The Monetary Division will be provided with an interim, investment guide based on a projected estimate of fund activity, which anticipates the fund to be self-sustaining until 1980. This investment guide provides for the balanced growth of the portfolio weighted toward issues maturing 1980 or later.

f. A long-range investment program will be devised consistent with the findings of the actuarial study mentioned in paragraph c. above.

Recommendation No. 14

The Deputy Director for Support instruct the Directors of Finance and of Personnel to devise, with the advice and assistance of the Support Information Processing Staff, a single computer program capable of providing all of the statistical information needed for administration of participants in and annuitants of the CIA retirement system.

Action or Comment

We concur in the objective of this Recommendation. Action has been initiated to ensure that computer methods are utilized on a timely basis in the administration of the CIA retirement system.

SIGNED R. L. BANNERMAN

R. L. Bannerman
Deputy Director
for Support

Att

Cy of Memo dtd 9 Feb 68 for DD/P fr DD/S, subj:
IG's Report of Survey of OF

ADD/S:JWC/ms (9 Feb 68)

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